



State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

October 19, 2005

CERTIFIED RETURN RECEIPT
7002 0510 0003 8603 2991

Mr. Stuart Havenstrite
Nevada Star Resource Corporation
8111 Maio Drive
Sandy, Utah 84093

Subject: Reassessment for State Cessation Order No. MC-2005-04-03, Nevada Star Resource Corporation, OK Copper Mine (S/001/039), Beaver County, Utah

Dear Mr. Havenstrite:

The proposed civil penalty assessment for the above referenced cessation order was sent to you on July 29, 2005. At that time the abatement had not been completed and some of the facts surrounding the violation were not available. In accordance with rule R647-7-105, the penalty is to be reassessed when it is necessary to consider facts which were not reasonably available on the date of the issuance of the proposed assessment. Following is the reassessment of the penalty for the cessation order:

- MC-05-01-07-01- Violation 1 of 1 \$506

The enclosed worksheet specifically outlines how the violation was assessed. Even though the violation has now been terminated, you are still required to pay the penalty.

Under R647-7-106, there are two informal appeal options available to you:

1. If you wish to informally appeal the fact of the Cessation Order, you should file a written request for an Informal Conference within thirty (30) days of receipt of this letter. This conference will be conducted by the Division Director or Associate Director. This Informal

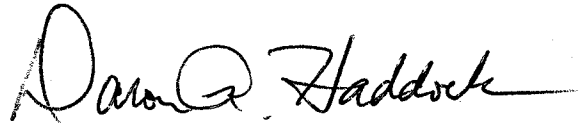
Stuart Havenstrite
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Conference is distinct from the Assessment Conference regarding the proposed penalty.

2. If you wish to review the proposed penalty assessment, you should file a written request for an Assessment Conference within thirty (30) days of receipt of this letter. If you are also requesting a review of the fact of violation, as noted in paragraph one, the assessment conference will be scheduled immediately following that review.

If a timely request for review is not made, the fact of the cessation order will stand, the proposed penalty(ies) will become final, and the penalty(ies) will be due and payable within thirty (30) days of the re-assessment. Please remit payment to the Division, mail c/o Vickie Southwick.

Sincerely,



Daron R. Haddock
Assessment Officer

Enclosure: Worksheets

cc: Vickie Southwick, Exec. Sec.
Vicki Bailey, Accounting

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WORKSHEET FOR ASSESSMENT OF PENALTIES
DIVISION OF OIL, GAS & MINING
Minerals Regulatory Program

COMPANY / MINE Stuart Havenstrite/ Nevada Star Resource Corp. PERMIT S/001/039

NOV / CO # MC-2005-04-03(1) VIOLATION 1 of 1

ASSESSMENT DATE October 19, 2005

ASSESSMENT OFFICER Daron R. Haddock

I. HISTORY (Max. 25 pts.) (R647-7-103.2.11)

- A. Are there previous violations, which are not pending or vacated, which fall within three (3) years of today's date?

PREVIOUS VIOLATIONS	EFFECTIVE DATE	POINTS (1pt for NOV 5pts for CO)
<u>none</u>	<u></u>	<u></u>
<u></u>	<u></u>	<u></u>

TOTAL HISTORY POINTS 0

II. SERIOUSNESS (Max 45pts) (R647-7-103.2.12)

NOTE: For assignment of points in Parts II and III, the following apply:

1. Based on facts supplied by the inspector, the Assessment Officer will determine within each category where the violation falls.
2. Beginning at the mid-point of the category, the Assessment Officer will adjust the points up or down, utilizing the inspector's and operator's statements as guiding documents.

Is this an EVENT (A) or Administrative (B) violation? Event
(assign points according to A or B)

A. EVENT VIOLATION (Max 45 pts.)

1. What is the event which the violated standard was designed to prevent?
2. What is the probability of the occurrence of the event which a violated standard was designed to prevent?

<u>PROBABILITY</u>	<u>RANGE</u>
None	0
Unlikely	1-9
Likely	10-19
Occurred	20

ASSIGN PROBABILITY OF OCCURRENCE POINTS 20

PROVIDE AN EXPLANATION OF POINTS:

*** *An Operator is required to obtain a permit from the Division of Oil Gas and Mining prior to conducting mining operations. Several acres have been disturbed at this location without revising the permit to do so. While the Operator has a permit for a small mine, which allowed disturbance up to 5 acres, the operation has expanded to more than 7 acres. Disturbance has actually occurred.*

3. What is the extent of actual or potential damage? RANGE 0-25

In assigning points, consider the duration and extent of said damage or impact, in terms of area and impact on the public or environment.

ASSIGN DAMAGE POINTS 8

PROVIDE AN EXPLANATION OF POINTS:

*** *The inspector stated that the operator has disturbed approximately 7.1 acres of land while only 5 acres had been approved for disturbance. The damage was primarily the loss of vegetation and compaction of soil on the area disturbed. Ponds were built in this area. Further discussion with the inspector revealed that the damage is probably temporary. While much of the soil and vegetation have been driven over and compacted by heavy equipment, the site could still be reclaimed. Damage is assessed in the lower 1/3 of the range.*

B. ADMINISTRATIVE VIOLATIONS (Max 25pts)

1. Is this a POTENTIAL or ACTUAL hindrance to enforcement? RANGE 0-25

Assign points based on the extent to which enforcement is actually or potentially hindered by the violation.

ASSIGN HINDRANCE POINTS _____

PROVIDE AN EXPLANATION OF POINTS:

TOTAL SERIOUSNESS POINTS (A or B) 28

III. DEGREE OF FAULT (Max 30 pts.) (R647-7-103.2.13)

- A. Was this an inadvertent violation which was unavoidable by the exercise of reasonable care? IF SO--NO NEGLIGENCE; or, was this a failure of a permittee to

prevent the occurrence of a violation due to indifference lack of diligence, or lack of reasonable care, the failure to abate any violation due to the same or was economic gain realized by the permittee? IF SO--GREATER DEGREE OF FAULT THAN NEGLIGENCE.

No Negligence	0
Negligence	1-15
Greater Degree of Fault	16-30

STATE DEGREE OF NEGLIGENCE Negligence

ASSIGN NEGLIGENCE POINTS 5

PROVIDE AN EXPLANATION OF POINTS:

*** *The inspector indicated that the operator had never assessed the acreage that he had disturbed and did not realize he had expanded his disturbance beyond what was allowed. He had not kept careful track of how many acres he had disturbed. This indicates indifference to the rules or lack of reasonable care. A prudent operator would understand the need to provide a revised NOI prior to expanding an area. The Operator was somewhat negligent in this regard, thus the assignment of points in the lower part of the negligence range.*

IV. GOOD FAITH (Max 20 pts.) (R467-7-103.2.14)

(Either A or B) (Does not apply to violations requiring no abatement measures)

- A. Did the operator have onsite, the resources necessary to achieve compliance of the violated standard within the permit area?

IF SO--EASY ABATEMENT

Easy Abatement Situation

- Immediate Compliance -11 to -20*
(Immediately following the issuance of the NOV)
- Rapid Compliance -1 to -10
(Permittee used diligence to abate the violation)
- Normal Compliance 0
(Operator complied within the abatement period required)
(Operator complied with condition and/or terms of approved Mining and Reclamation Plan)

*Assign in upper of lower half of range depending on abatement occurring the 1st or 2nd half of abatement period.

- B. Did the permittee not have the resources at hand to achieve compliance, or does the situation require the submission of plans prior to physical activity to achieve compliance?

IF SO--DIFFICULT ABATEMENT

Difficult Abatement Situation

- Rapid Compliance -11 to -20*
(Permittee used diligence to abate the violation)

- Normal Compliance -1 to -10*
(Operator complied within the abatement period required)
- Extended Compliance 0
(Permittee took minimal actions for abatement to stay within the limits of the NOV or the violated standard of the plan submitted for abatement was incomplete)
(Permittee complied with conditions and/or terms of approved Mining and Reclamation Plan)

EASY OR DIFFICULT ABATEMENT? Difficult

ASSIGN GOOD FAITH POINTS 10

PROVIDE AN EXPLANATION OF POINTS:

*** *The abatement for this violation is considered difficult because it required plans to be submitted. The original abatement required the operator to provide a map and mark the area where operations were to continue by July 15, 2005. Since this site was in the process of being transferred to Western Utah Copper Company (WUCC), this was actually done in WUCC's LMO application submitted on April 22, 2005. Another abatement step was to post a reclamation surety by July 30, 2005. The surety was actually posted by WUCC on July 29, 2005. The other abatement requirement was to complete a Large Mine Notice of Intent (LMO) by September 15, 2005. Again, since this operation was being transferred to another entity (WUCC), the need for Nevada Star to provide an LMO was negated and this requirement would be satisfied by completing the transfer to WUCC. The Division received the transfer application on August 22, 2005, well ahead of the September 15th deadline. The actual transfer was not approved until October 14, 2005 but even though this is after the abatement deadline, the delay was due to Division processing time rather than delay on the part of the operator. Even though an extension was required, normal compliance is considered the appropriate category because of the difficulty in providing maps and plans. Plans were submitted ahead of the deadlines. Ten good faith points are awarded which is the upper end of the normal compliance range.*

V. ASSESSMENT SUMMARY (R647-7-103.3)

NOTICE OF VIOLATION # <u>MC-04-03-01(1)</u>		
I.	TOTAL HISTORY POINTS	<u>0</u>
II.	TOTAL SERIOUSNESS POINTS	<u>28</u>
III.	TOTAL NEGLIGENCE POINTS	<u>5</u>
IV.	TOTAL GOOD FAITH POINTS	<u>-10</u>
	TOTAL ASSESSED POINTS	<u>23</u>
TOTAL ASSESSED FINE		<u>\$ 506</u>

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